

76939

A

*** A01 ***

FILER NAME: BERKSHIRE HATHAWAY INC /DE/
CIK NUMBER: 0000109694
FORM TYPE: 10-Q
FILE NUMBER: 1-10125
RECEIVED: 11/15/93
PERIOD: 09/30/93
FILM NUMBER: 93524656

Microfilmed
By
Q-Data
Corporation
St Petersburg, FL

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter period ended September 30, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-10125

BERKSHIRE HATHAWAY INC.
(Exact name of registrant as specified in its charter)

Delaware

04 2254452

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification number)

1440 Kiewit Plaza, Omaha, Nebraska 68131
(Address of principal executive office)

(Zip Code)

(402) 346-1400

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months and (2) has been subject to such filing
requirements for the past 90 days.

X
YES NO

Number of shares of common stock outstanding as of
November 12, 1993.... 1,177,750

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets --
September 30, 1993 and December 31, 1992

Consolidated Statements of Earnings --
Third Quarter and First Nine Months, 1993 and 1992

Condensed Consolidated Statements of Cash Flows --
First Nine Months, 1993 and 1992

Notes to Interim Consolidated Financial Statements

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

PART II - OTHER INFORMATION

Q/E 9/30/93

	<u>PAGE NO.</u>
	2
3 and 1992	3
h Flows --	4
Statements	5-8
FINANCIAL	9-12
	12

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	Septembe 199

ASSETS	
Cash and cash equivalents	\$ 1,294
Investments:	
Obligations with fixed maturities	2,110
Marketable equity securities	11,921
Accounts receivable	668
Inventories	291
Properties and equipment	234
Assets of commercial and consumer finance businesses	845
Other assets	725

	\$18,091
	=====
LIABILITIES AND SHAREHOLDERS' EQUITY	
Losses and loss adjustment expenses	\$ 3,187
Unearned premiums	469
Accounts payable, accruals and other liabilities	592
Income taxes, principally deferred	2,741
Term debt and other borrowings	854
Liabilities of commercial and consumer finance businesses	754

	8,599

Minority shareholders' interests	134

Shareholders' equity:	
Common stock - par value of 1,381,308 issued shares at September 30, 1993 and 1,377,364 issued shares at December 31, 1992	6
Capital in excess of par value	227
Unrealized appreciation of marketable equity securities, net	5,297
Retained earnings	3,866

Less: Cost of 228,761 common shares in treasury	9,399
	42

Total shareholders' equity	9,356

	\$18,091
	=====

See accompanying Notes to Interim Consolidated Financial Statements

Q/E 9/30/93

ON
TS
SHEETS

	September 30, 1993	December 31, 1992
	-----	-----
.	\$ 1,294,284	\$ 1,127,996
.	2,110,290	2,033,681
.	11,921,461	11,652,654
.	668,476	608,352
.	291,693	282,141
.	234,126	224,510
sses	845,854	442,671
.	725,462	759,993
	-----	-----
	\$18,091,646	\$17,131,998
	=====	=====
.	\$ 3,187,693	\$ 3,151,607
.	469,622	231,813
.	592,299	627,296
.	2,741,106	2,517,186
.	854,470	1,154,697
usinesses	754,732	423,545
	-----	-----
	8,599,922	8,106,144
	-----	-----
.	134,803	129,523
	-----	-----
hares at es		
.	6,907	6,887
.	227,721	182,264
curities, net	5,297,824	5,047,219
.	3,866,762	3,702,254
	-----	-----
y	9,399,214	8,938,624
	42,293	42,293
	-----	-----
.	9,356,921	8,896,331
	-----	-----
	\$18,091,646	\$17,131,998
	=====	=====

*** A07 ***

2

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in thousands except per share amounts)

	Third Quarter	
	1993	1992
REVENUES:		
Sales and service revenues	\$ 455,850	\$ 410,
Insurance premiums earned	150,453	277,
Interest and dividend income	119,323	119,
Realized investment gain	16,833	18,
Sundry income	1,668	11,
	<u>744,127</u>	<u>827,</u>
COST AND EXPENSES:		
Cost of products and services sold	290,387	255,
Insurance losses and loss adjustment expenses	149,829	361,
Insurance underwriting expenses	29,464	28,
Selling, general and administrative expenses	127,659	121,
Interest expense	21,025	30,
	<u>618,364</u>	<u>787,</u>
Earnings before income taxes, minority interest and cumulative effect of accounting change	125,763	39,
Income taxes	101,147*	0
Minority interest	1,822	2,
	<u>22,794</u>	<u>38,</u>
Earnings before cumulative effect of accounting change Cumulative effect of change in accounting for income taxes	--	--
Net earnings	<u>\$ 22,794</u>	<u>\$ 38,</u>
Average shares outstanding	1,152,547	1,146,
EARNINGS PER SHARE:		
Before cumulative effect of accounting change	\$ 19.78	\$ 33
Cumulative effect of change in accounting for income taxes	--	--
Net earnings	<u>\$ 19.78</u>	<u>\$ 33</u>

* Includes \$75,348 which represents the effect of the change in Federal income tax rates on deferred income taxes applicable to unrealized appreciation (See Note 2).

Q/E 9/30/93

ININGS
(re amounts)

	Third Quarter		First Nine Months	
	1993	1992	1993	1992
. . . .	\$ 455,850	\$ 410,533	\$1,378,014	\$1,263,870
. . . .	150,453	277,723	382,317	460,736
. . . .	119,323	119,177	353,689	375,676
. . . .	16,833	18,314	54,664	18,602
. . . .	1,668	1,987	4,968	5,504
	<u>744,127</u>	<u>827,734</u>	<u>2,173,652</u>	<u>2,124,388</u>
. . . .	290,387	255,648	854,173	755,669
. . . .	149,829	361,015	347,553	581,499
. . . .	29,464	20,067	101,133	55,829
. . . .	127,659	121,149	403,005	389,825
. . . .	21,025	30,034	57,546	92,047
	<u>618,364</u>	<u>787,913</u>	<u>1,763,410</u>	<u>1,874,869</u>
and				
. . . .	125,763	39,821	410,242	249,519
. . . .	101,147*	(562)	168,469*	39,539
. . . .	<u>1,822</u>	<u>2,050</u>	<u>6,281</u>	<u>6,174</u>
change	22,794	38,333	235,492	203,806
income	--	--	(70,984)	--
. . . .	<u>\$ 22,794</u>	<u>\$ 38,333</u>	<u>\$ 164,508</u>	<u>\$ 203,806</u>
. . . .	1,152,547	1,146,441	1,152,547	1,146,441
. . . .	\$ 19.78	\$ 33.44	\$ 204.32	\$ 177.77
income	--	--	(61.59)	--
. . . .	<u>\$ 19.78</u>	<u>\$ 33.44</u>	<u>\$ 142.73</u>	<u>\$ 177.77</u>

f the change in Federal
cable to unrealized

*** A10 ***

See accompanying Notes to Interim Consolidated Financial Statements

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	----- 199 -----
Net cash flows from operating activities	\$ 48 -----
Cash flows from investing activities:	
Purchases of investments	(65)
Purchases of mortgages and mortgage backed securities	(40)
Proceeds on sales and maturities of investments	70
Proceeds on redemptions of mortgages and mortgage backed securities	4
Other	(1)
Net cash flows from investing activities	(32) -----
Cash flows from financing activities:	
Proceeds from borrowings of commercial and consumer finance businesses	337
Proceeds from other borrowings	90
Repayments of borrowings of commercial and consumer finance businesses	(2)
Repayments of other borrowings	(1,151)
Other	(34)
Net cash flows from financing activities	-2 -----
Increase in cash and cash equivalents	14
Cash and cash equivalents at beginning of year*	1,111 -----
Cash and cash equivalents at end of first nine months*	\$ 1,315 =====
Supplemental cash flow information:	
Non-cash investing and financing activities:	
Common shares issued upon conversions of Zero Coupon Convertible Subordinated Notes	\$
Cash paid during the period for:	
Income taxes	1
Interest	-
* Cash and cash equivalents are comprised of the following:	
Beginning of year --	
Commercial and consumer finance businesses	\$
Other	1,111 -----
	\$ 1,111 =====
End of first nine months --	
Commercial and consumer finance businesses	\$
Other	1,215 -----
	\$ 1,315 =====

See accompanying Notes to Interim Consolidated Financial Statements

Q/E 9/30/93

CASH FLOWS

	First Nine Months	
	1993	1992
.....	\$ 488,477	\$ 799,348
urities	(654,590)	(1,056,942)
age backed	(403,132)	--
.....	706,836	348,526
.....	42,474	33,405
.....	(12,047)	(24,704)
.....	(320,459)	(699,715)
consumer finance	337,003	38,862
.....	900,857	717,978
.....	(26,087)	(18,392)
.....	(1,153,630)	(738,736)
.....	(34,707)	(29,920)
.....	23,436	(30,208)
.....	191,454	69,425
.....	1,192,363	762,000
months*	\$ 1,383,817	\$ 831,425
o Coupon	\$ 45,477	\$ --
.....	165,351	101,560
.....	56,849	83,586
following:		
.....	\$ 64,367	\$ 32,658
.....	1,127,996	729,342
.....	\$ 1,192,363	\$ 762,000
.....	\$ 89,533	\$ 74,576
.....	1,294,284	756,849
.....	\$ 1,383,817	\$ 831,425

Financial Statements

*** 801 ***

4

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL

Reference is made to Berkshire's most recently issued Annual Report that included information necessary or useful to understanding of Berkshire's businesses and financial statement presentations. In particular, Berkshire's significant accounting policies and practices were presented as Note 1 to the consolidated financial statements included in that Report.

Financial information in this Report reflects any adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with generally accepted accounting principles.

In the accompanying Condensed Consolidated Balance Sheet as of December 31, 1992, reclassifications have been made when required to conform to current year presentation. In particular, individual assets and individual liabilities of commercial and consumer finance businesses have been reclassified for presentation in aggregate totals. Other reclassifications relate to provisions of Financial Accounting Standards Board ("FASB") Statement No. 113 "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts" which was adopted by the Company effective January 1, 1993.

NOTE 2. CHANGE IN ACCOUNTING FOR INCOME TAXES

Effective January 1, 1993, the Company adopted the provisions of FASB Statement No. 109 "Accounting for Income Taxes". The adoption of Statement No. 109 changes the Company's method of accounting for income taxes from the "deferred method" to the "asset and liability method". Under the asset and liability method of Statement No. 109, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The provisions of Statement No. 109 require that the effect on deferred taxes of a change in tax rates be recognized in income in the period that includes the enactment date.

The cumulative effect of adopting Statement No. 109 on the Company's financial statements was to decrease 1993 net income by about \$71 million. This amount is reflected in the 1993 Consolidated Statement of Earnings as the cumulative effect of a change in accounting principle. It primarily represents the impact of adjusting deferred taxes related to unrealized appreciation of marketable equity securities which arose prior to 1987 to reflect the then current capital gain tax rate of 34% as opposed to the 28% rate which was in effect when the deferred taxes originated. The effect of the accounting change on 1993 earnings before income taxes and cumulative effect adjustment was not material. Prior year's financial statements have not been restated.

On August 10, 1993, President Clinton signed into law the Omnibus Budget Reconciliation Act of 1993. Among its provisions, the new law increases the federal corporate ordinary income and capital gain tax rate from 34% to 35% retroactive to January 1, 1993. As indicated above, Statement No. 109 requires reflecting the entire effect on deferred taxes from income tax rate changes in earnings from operations in the period of enactment. Accordingly, the Company recorded a charge to 1993's third quarter earnings of approximately \$76 million. Most of this charge relates to the impact of adjusting deferred taxes related to unrealized appreciation of marketable equity securities.

NOTE 3. SEASONALITY AND OTHER FACTORS AFFECTING INTERIM STATEMENTS

*** B03 ***

For a number of reasons, Berkshire's results for interim periods are not normally indicative of results to be expected for the year. Most significantly, the estimation error inherent to the process of determining liabilities for unpaid losses of insurance subsidiaries can be relatively more significant to results of interim periods than to results for a full year. Variations in amount and timing of realized securities gains or losses cause significant variations in periodic net earnings.

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4. INVESTMENTS IN OBLIGATIONS WITH FIXED MATURITIES

Investments in obligations with fixed maturities are carried at cost. Approximate aggregate market value was \$2,249,307,000 at September 30, 1993 and \$2,098,182,000 at December 31, 1992.

NOTE 5. INVESTMENTS IN MARKETABLE EQUITY SECURITIES

Data with respect to the consolidated investment in marketable equity securities are shown in the tabulation below.

Total cost	.....
Gross unrealized gains	.....
Gross unrealized losses	.....
Total approximate market value	.....
Carrying value:	
Capital Cities/ABC, Inc.	.....
The Coca-Cola Company	.....
GEICO Corporation	.....
The Gillette Company	.....
All others	.....
Total	.....

Changes in "Unrealized appreciation of marketable equity securities, net", the balance of which is carried in shareholders' equity, were as follows during the third quarter and first nine months of 1993 and 1992:

	(000s)	
	Third Quarter	
	1993	1992
Increase in unrealized appreciation	\$ 370,807	\$ 143,583
Increase in deemed applicable income taxes	(130,098)*	(48,819)
Increase in minority shareholders' interest	(368)	(2,199)
Net increase	240,341	92,565
Balance at beginning of period	5,057,483	4,428,438
Balance at end of third quarter	\$5,297,824	\$4,521,003

* Other than relating to cumulative effect of accounting change and effect of the change in Federal income tax rates. See Note 2.

In May 1993, the FASB issued Statement No. 115 "Accounting for Certain Investments in Debt and Equity Securities". Among its provisions, the statement alters generally accepted accounting principles for marketable equity securities held by non-insurance entities. Such securities are currently carried at the lower of aggregate cost or market. Under the provisions of Statement No. 115, these securities will be carried at market and accounted for

CONTINUED)

ITIES

are carried at cost.
0 at September 30, 1993 and

in marketable equity

	(000s omitted)	
	September 30, 1993	December 31, 1992
.....	\$ 3,961,947	\$ 4,080,295
.....	8,426,545	7,939,531
.....	(126,124)	(60,629)
.....	-----	-----
.....	\$12,262,368	\$11,959,197
.....	=====	=====
.....	\$ 1,710,775	\$ 1,506,487
.....	3,938,853	3,903,918
.....	1,875,187	2,226,250
.....	1,380,000	1,365,000
.....	3,016,646	2,650,999
.....	-----	-----
.....	\$11,921,461	\$11,652,654
.....	=====	=====

e equity securities, net",
ity, were as follows during
1992:

(000s omitted)			
Third Quarter		First Nine Months	
1993	1992	1993	1992
\$ 370,807	\$ 143,583	\$ 387,154	\$ 846,492
(130,098)*	(48,819)	(135,656)*	(287,808)
(368)	(2,199)	(893)	(670)
-----	-----	-----	-----
240,341	92,565	250,605	558,014
5,057,483	4,428,438	5,047,219	3,962,989
-----	-----	-----	-----
\$5,297,824	\$4,521,003	\$5,297,824	\$4,521,003
=====	=====	=====	=====

unting change and effect of

Accounting for Certain
ts provisions, the
iples for marketable equity
urities are currently
nder the provisions of
at market and accounted for

*** B06 ***
in a manner consistent with such securities currently held by Berkshire's insurance entities. The Company intends to adopt the provisions of this statement as of December 31, 1993. If the provisions of this statement had been applied to such securities held by non-insurance entities as of September 30, 1993, the effect would have been to increase Berkshire's net worth by approximately \$160 million.

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6. DEFERRED INCOME TAX LIABILITY

The tax effect of significant items comprising the Company's net deferred tax liability as of September 30, 1993 and January 1, 1993 are as follows:

Deferred tax liabilities:	
Relating to unrealized appreciation of marketable equity securities	
Other	
Deferred tax assets	
Net deferred tax liability	

* Adjusted to reflect adoption of the provisions of Statement No. 109.

NOTE 7. ASSETS AND LIABILITIES OF COMMERCIAL AND CONSUMER FINANCE BUSINESSES

Assets and liabilities of Berkshire's commercial and consumer finance businesses (Scott Fetzer Financial Group and Mutual Savings and Loan Association ("Mutual")) are summarized below. During 1993's second quarter an agreement was entered into with CenFed Bank, A Federal Savings Bank ("CenFed"), whereby CenFed would assume Mutual's savings account liabilities offset substantially by real estate loans, cash and certain other assets to be transferred by Mutual to CenFed. The transaction was completed during October, 1993.

Assets

Cash and cash equivalents	
Installment loans receivable	
Real estate loans (substantially sold in October, 1993)	
Mortgages and mortgage backed securities	
Other	

Liabilities

Payable to security brokers and dealers	
Term debt and other borrowings	
Savings accounts (assumed by CenFed in October, 1993)	
Other	

Q/E 9/30/93

CONTINUED)

The Company's net deferred
, 1993 are as follows:

	(000s omitted)	
	September 30, 1993	January 1,* 1993
	-----	-----
the equity securities	\$2,785,017	\$2,573,813
.....	59,278	53,131
.....	-----	-----
.....	2,844,295	2,626,944
.....	(163,228)	(114,939)
.....	-----	-----
.....	\$2,681,067	\$2,512,005
	=====	=====

of Statement No. 109.

CONSUMER FINANCE BUSINESSES

and consumer finance
Savings and Loan
during 1993's second quarter an
Central Savings Bank ("CenFed"),
liabilities offset
other assets to be
operations completed during October,

	(000s omitted)	
	September 30, 1993	December 31, 1992
	-----	-----
.....	\$ 89,533	\$ 64,367
.....	155,701	167,609
.....	86,929	101,887
.....	479,996	68,933
.....	33,695	39,875
.....	-----	-----
.....	\$845,854	\$442,671
	=====	=====
.....	\$ 50,643	\$ --
.....	456,029	145,113
.....	218,266	250,612
.....	29,794	27,820
.....	-----	-----
.....	\$754,732	\$423,545
	=====	=====

*** B09 ***

7

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8. INTEREST AND DIVIDEND INCOME

Interest and dividend income for the third quarter and first nine months of 1993 and 1992 was comprised of the following:

	Third Quarter	
	1993	1992
Interest earned by:		
Commercial and consumer finance businesses	\$ 15,036	\$ 14,824
Insurance businesses	22,598	15,237
Other	3,992	14,162
Dividends earned by:		
Insurance businesses	73,736	71,217
Other	3,961	3,737
Interest and dividend income	\$119,323	\$119,177

NOTE 9. INTEREST EXPENSE

Interest expense for 1992's third quarter and first nine months includes premiums paid to permit redemption prior to maturity dates of certain term debt that aggregated \$193,750,000 principal amount. Premiums paid for such redemptions were \$4,290,000 during the third quarter of 1992 and \$14,220,000 during 1992's first nine months. Interest expense is comprised of interest on savings accounts of Mutual plus interest on debt, including the aforementioned early-redemption premiums, as follows:

	Third Quarter	
	1993	1992
Savings accounts of Mutual	\$ 1,700	\$ 2,743
Debt of commercial and consumer finance businesses	4,669	3,537
Other debt	14,656	23,754
	\$21,025	\$30,034

NOTE 10. SUBSEQUENT EVENT - DEXTER SHOE COMPANIES MERGER

On November 7, 1993 the Company consummated its previously announced planned merger with the privately held Dexter Shoe Companies ("Dexter") by issuing 25,203 shares of its common stock in exchange for 100% of the outstanding common stock of Dexter. Dexter manufactures and distributes men's and women's dress, casual and athletic shoes. The merger will be accounted for by the purchase method of accounting and, accordingly, Dexter's operating results will be included in the Company's consolidated results of operations from the effective date of the merger.

Q/E 9/30/93

CONTINUED)

er and first nine months of

(000s omitted)			
Third Quarter		First Nine Months	
1993	1992	1993	1992
\$ 15,036	\$ 14,824	\$ 40,839	\$ 45,773
22,598	15,237	57,672	57,022
3,992	14,162	16,590	41,509
73,736	71,217	226,735	220,193
3,961	3,737	11,853	11,179
-----	-----	-----	-----
\$119,323	\$119,177	\$353,689	\$375,676
=====	=====	=====	=====

rst nine months includes
 dates of certain term debt
 iums paid for such
 of 1992 and \$14,220,000
 s comprised of interest on
 cluding the aforementioned

(000s omitted)			
Third Quarter		First Nine Months	
1993	1992	1993	1992
\$ 1,700	\$ 2,743	\$ 5,630	\$ 9,560
4,669	3,537	11,190	10,504
14,656	23,754	40,726	71,983
-----	-----	-----	-----
\$21,025	\$30,034	\$57,546	\$92,047
=====	=====	=====	=====

ERGER

previously announced
 ompanies ("Dexter") by
 e for 100% of the
 ures and distributes men's
 erger will be accounted for
 y, Dexter's operating
 ed results of operations

*** B12 ***

8

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net earnings for the third quarter and first nine months of the current and prior year are disaggregated in the following table. Amounts are in thousands and each figure is income tax effected.

	Third Quarter	
	1993	1992
Insurance, except realized investment gain	\$ 63,902	\$ 4,271
Manufacturing, merchandising and services	29,589	28,181
Unallocated income/expense, net	2,932	9,291
Interest on debt *	(8,810)	(15,501)
Earnings before realized investment gain, effect of change in income tax rate and cumulative effect of accounting change	87,613	26,247
Realized investment gain	10,405	12,086
Earnings before effect of change in income tax rate and cumulative effect of accounting change	98,018	38,333
Effect of change in income tax rate on deferred taxes applicable to unrealized appreciation **	(75,224)	--
Cumulative effect of change in accounting for income taxes **	--	--
Net earnings	\$ 22,794	\$ 38,333

* For purposes of the above table, interest expense of commercial and consumer finance businesses is netted against the directly related service activity revenues. Accordingly, such expense is not reflected as "Interest on debt."

** See Note 2 to the accompanying interim consolidated financial statements.

INSURANCE GROUP

The after tax figures shown above for Insurance Group earnings, except realized investment gain, derive from the following table. Dollar amounts are in thousands.

	Third Quarter	
	1993	1992
Premiums earned from:		
Primary or direct insurance	\$ 51,023	\$ 37,326
Reinsurance assumed	99,430	240,397
	\$150,453	\$ 277,723
Underwriting gain (loss) attributable to:		
Primary or direct insurance	\$ 4,746	\$ (2,906)
Reinsurance assumed	(33,815)	(100,453)
Total underwriting loss	(29,069)	(103,359)
Net investment income	94,676	84,084

Q/E 9/30/93

FINANCIAL CONDITION AND

For the three months of the current and
 Amounts are in thousands

	Third Quarter		First Nine Months	
	1993	1992	1993	1992
	\$ 63,902	\$ 4,278	\$194,486	\$117,153
	29,589	28,185	97,267	95,631
	2,932	9,293	9,359	25,987
	(8,810)	(15,509)	(25,558)	(47,223)
	87,613	26,247	275,554	191,548
	10,405	12,086	35,162	12,258
	98,018	38,333	310,716	203,806
	(75,224)	--	(75,224)	--
	--	--	(70,984)	--
	\$ 22,794	\$ 38,333	\$164,508	\$203,806

of
 t
 ate
 s

of commercial and
 e directly related service
 not reflected as "Interest

ted financial statements.

Group earnings, except
 table. Dollar amounts are

	Third Quarter		First Nine Months	
	1993	1992	1993	1992
	\$ 51,023	\$ 37,326	\$156,340	\$ 112,004
	99,430	240,397	225,977	348,732
	\$150,453	\$ 277,723	\$382,317	\$ 460,736
	\$ 4,746	\$ (2,906)	\$ (561)	\$ (12,936)
	(33,815)	(100,453)	(66,496)	(163,656)
	(29,069)	(103,359)	(67,057)	(176,592)
	94,676	84,084	279,138	270,865

	*** C03 ***	
Earnings before income taxes	65,607	(19,275)
Income tax (expense) benefit *	(892)	24,154
Minority interest	(813)	(601)
	-----	-----
Net earnings from Insurance, except realized investment gain	\$ 63,902	\$ 4,278
	=====	=====

* Income tax benefits from the Group's underwriting losses are proportionate to such losses at the full statutory income tax rates. For 1992 periods reflected above, such benefits exceeded the income tax costs assignable at a lower effective tax rate to the Group's net investment income. The latter category of income includes tax-free interest income and tax favored dividend income.

			*** CO4 ***
65,607	(19,275)	212,381	94,273
(892)	24,154	(14,835)	24,777
(813)	(601)	(2,760)	(1,897)
-----	-----	-----	-----
\$ 63,902	\$ 4,278	\$194,486	\$ 117,153
=====	=====	=====	=====

g losses are proportionate rates. For 1992 periods me tax costs assignable at vestment income. The rest income and tax favored

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (Continued)

INSURANCE GROUP (Continued)

Primary or direct insurance premiums earned during the third quarter and first nine months of 1993 include premiums earned by Central States Indemnity Company of Omaha ("CSI"), a consumer credit insurer acquired in December 1992. Premiums earned in 1993 by CSI totalled \$15 million during the third quarter and \$52 million during the first nine months. Premium volume from Berkshire's other primary or direct insurance businesses continues to be constrained by management's perception of inadequate rates.

Primary or direct insurance underwriting results during the third quarter and first nine months of 1993 include credits of about \$8 million and \$21 million, respectively, from the reduction of loss and loss expense reserves established for pre-1993 occurrences with respect to certain of the Group's traditional automobile liability coverages. Credits of a similar nature were recorded in 1992 for these coverages and totalled about \$5 million in the third quarter and \$13 million for the first nine months.

Reinsurance premiums earned during the first nine months of 1993 include about \$39 million from retroactive reinsurance coverages for past loss events and from structured settlement contracts. A nominal amount of those premiums were earned in the third quarter. During the first nine months of 1992, premiums earned from such coverages totalled about \$132 million, virtually all of which were earned during the third quarter of 1992. In addition, premiums earned from catastrophe excess of loss contracts for the first nine months totalled \$21 million in 1993 and \$58 million in 1992.

As reflected in the table above, reinsurance assumed activities produced a significantly smaller underwriting loss during the 1993 periods as compared with corresponding periods in 1992. This comparative decrease is largely attributed to the Group's catastrophe excess of loss business which in 1992 recorded net underwriting losses of about \$77 million during the third quarter and \$71 million for the first nine months due to losses arising from Hurricane Andrew. For the first nine months of 1993, this business recorded an underwriting gain of about \$10 million. During the fourth quarter of 1993, many catastrophe reinsurance policies will expire and the premiums will then be earned in accordance with the policy to defer earning catastrophe reinsurance premiums until the earlier of a loss occurrence or policy expiration. In the absence of any covered catastrophic losses, this business could produce a net underwriting gain in the fourth quarter of nearly \$100 million. However, the occurrence of a loss event during that period could produce losses well in excess of premiums earned. Further, if no losses occur, premiums from unexpired policies totalling about \$175 million would remain unearned at yearend 1993, thus extending the Group's exposure to loss from catastrophic events well into 1994. There remains potential for substantial volatility in periodic underwriting results.

Net investment income of the Insurance Group for the third quarter and first nine months of 1993 exceeded such amounts for 1992 by 12% and 3%, respectively. The increases were achieved as a result of increased amounts of policyholder float, reinvested earnings, and additional capital contributed to the Insurance Group. These factors were partially offset by the effects of redemption or disposition of certain high yield bonds during the latter half of 1992 and third quarter of 1993. Policyholder float totalled about \$2.8 billion at September 30, 1993.

*** C06 ***

10

BERKSHIRE HATHAWAY INC.

Q/E 9/30/

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (Continued)

MANUFACTURING, MERCHANDISING AND SERVICES

Results of operations of Berkshire's diverse non-insurance businesses are aggregated in the following table. Dollar amounts are in thousands.

	Third Quarter				
	1993		1992		
	Amount	%	Amount	%	
Revenues	\$473,203	100.0	\$429,917	100.0	\$1
Costs and expenses	420,129	88.8	381,090	88.6	1
Earnings before income taxes	53,074	11.2	48,827	11.4	
Applicable income taxes	22,626	4.8	19,497	4.5	
Applicable minority interest	859	0.2	1,145	0.3	
Net earnings	\$ 29,589	6.2	\$ 28,185	6.6	\$

Revenues from these several and diverse business activities during 1993's third quarter and first nine months were greater by \$43.3 million (10.1%) and \$106.1 million (8.0%), respectively, than revenues recorded during the corresponding 1992 periods. Much of the change resulted from increased revenues from the shoe segment (H. H. Brown and Lowell Shoe Company) somewhat offset by reduced revenues from the encyclopedia segment (World Book). Lowell Shoe Company, acquired by Berkshire on December 30, 1992, accounted for much of the revenue increase within the shoe segment. Revenues from this manufacturer of women's footwear were \$25.1 million and \$70.9 million during 1993's third quarter and first nine months. Additionally, H. H. Brown recorded revenue increases of \$6.0 million and \$30.3 million during 1993's third quarter and first nine months. Increased revenues during the 1993 periods were also recorded by the furniture segment (Nebraska Furniture Mart) and the uniform segment (Fechheimers). World Book's revenues declined \$6.3 million and \$44.3 million during the third quarter and first nine months of 1993. In prior years a special encyclopedia promotional sale occurred during the first half of the year. Beginning in 1993 this event will occur during the fourth quarter. This timing change accounts for most of the decline in 1993 World Book revenues. Net earnings from this group of businesses increased \$1.4 million (5.1%) during 1993's third quarter and \$1.6 million (1.7%) during 1993's first nine months as compared to the prior year periods. The impact on earnings from the revenue changes discussed above resulted in increased earnings from the shoe segment (\$1.8 million for the third quarter and \$5.7 million for the first nine months) and decreased earnings from the encyclopedia segment (\$3.1 million for the first nine months).

UNALLOCATED INCOME/EXPENSE, NET

Unallocated income/expense represents principally investment income of the parent company and non-insurance subsidiaries, reduced by parent company administrative costs. Investment income of the parent company during 1993 periods was lower than in the comparable prior year periods principally because of a significantly lower yield rate, stemming in large part from sale from the portfolio in the prior year of certain high yield bonds.

Q/E 9/30/93

FINANCIAL
(continued)

Insurance businesses are
reported in thousands.

Third Quarter	First Nine Months					
	1992		1993		1992	
	Amount	%	Amount	%	Amount	%
0	\$429,917	100.0	\$1,428,896	100.0	\$1,322,844	100.0
8	381,090	88.6	1,263,379	88.4	1,158,244	87.6
2	48,827	11.4	165,517	11.6	164,600	12.4
8	19,497	4.5	65,562	4.6	65,598	4.9
2	1,145	0.3	2,688	0.2	3,371	0.3
2	\$ 28,185	6.6	\$ 97,267	6.8	\$ 95,631	7.2
=	=====	=====	=====	=====	=====	=====

activities during 1993's
\$43.3 million (10.1%) and
recorded during the
limited from increased
(LL Shoe Company) somewhat
ment (World Book). Lowell
1992, accounted for much of
revenues from this manufacturer
Lowell during 1993's third
Brown recorded revenue
1993's third quarter and
1993 periods were also
e Mart) and the uniform
ed \$6.3 million and \$44.3
ths of 1993. In prior years
during the first half of the
during the fourth quarter. This
1993 World Book revenues.

\$1.4 million (5.1%) during
1993's first nine months as
earnings from the revenue
generated from the shoe segment
for the first nine months)
(\$3.1 million for the

by investment income of the
received by parent company
parent company during 1993
periods principally because
large part from sale from the
subsidiaries.

INTEREST ON DEBT

On January 4, 1993 the redemption of Berkshire's Zero Coupon Convertible Subordinated Notes was completed. Including redemptions of other term debt which occurred during 1992, outstanding term debt has been reduced by approximately \$650 million from the level which existed on December 31, 1991. Somewhat offsetting these reductions are increases in outstanding borrowings under investment agreements which have increased approximately \$400 million during the same period. The resulting lower interest costs from reduced levels of borrowings, along with the fact that interest expense during 1992's third quarter and first nine months included \$4.3 million and \$14.2 million, respectively, of early-redemption premiums related to term debt redemptions account for the decline in 1993 interest expense.

BERKSHIRE HATHAWAY INC.

Q/E 9/30/93

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (Continued)

REALIZED INVESTMENT GAIN

Realized investment gain has been a recurring element in Berkshire's net earnings for many years. The amount -- recorded when appreciated securities are sold -- tends to fluctuate significantly from period to period, with a meaningful effect upon Berkshire's consolidated net earnings. But, the amount of realized investment gain for any given period has no predictive value, and variations in amount from period to period have no practical analytical value, particularly in view of the unrealized price appreciation now existing in Berkshire's consolidated investment portfolio.

FINANCIAL CONDITION

Berkshire's balance sheet continues to reflect significant liquidity and above average capital strength.

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURE

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HATHAWAY INC.

(Registrant)

Date November 15, 1993

/s/ Marc D. Hamburg

(Signature)Marc D. Hamburg, Vice President
and Principal Financial Officer